

musicmetric

Digital Music Index

DMI ▲



Executive Summary - September 2012

Introduction

In this first edition of the Musicmetric Digital Music Index, the trends and preferences of millions of music fans across the globe have been analysed. The aim is to help the industry understand who and where the fans are, which types of artist fans are engaging with the most and how fans interact with music through the many online consumption channels.

Data such as this allows the music industry to better understand its customers, resulting in the opportunity to capitalise on this engagement and ultimately generate increased sales, new revenue opportunities and more efficient marketing campaigns.

Musicmetric's first Digital Music Index (DMI) is the most in-depth study ever of the global digital music landscape. The DMI reveals the preferences and uncovers the social media trends of millions of music fans from every country on the planet. The DMI was conceived to give the music industry a central report outlining not just who their fans are, but what artists they engage with most. The DMI highlights how fans interact with using the plethora of digital portals now available and above all, looks at where this occurs.

The need to stay one step ahead of the competition is driving a need to better understand the market. Through Musicmetric's analysis, the global music industry will be better equipped to engage and more fully captivate its audience.

Digital music revenues of record companies grew by

8% globally in 2011 to an estimated US \$5.2 billion.

This compares to growth of 5% in 2010 and represents the first time the year-on-year growth rate has increased since IFPI started measuring digital revenues in 2004.

According to the IFPI's report this year digital music retailers are fast spreading their reach globally. At the start of 2011, the largest international digital services were present in 23 countries. One year later they are present in 58 countries. In 2011, iTunes opened for business in 28 additional markets, now reaching more than 50 countries worldwide, including all members of the European Union.

Download service 7digital announced in October 2011 that it was launching new stores in Australia, New Zealand, Malaysia and Singapore. 7digital is now available in 37 countries worldwide and subscription services Spotify, WiMP and Deezer are also expanding fast across national borders. Spotify launched in the US and four European markets and now reaches 12 countries. The US also saw the launch of Muve Music in 2011. Deezer opened its service in the UK in partnership with Orange, and plans to continue to expand globally in 2012.

It is no secret, however that music fans are engaging with digital music in a wide variety of ways both authorised and unauthorised. They are streaming and downloading licensed artist content on licensed sites such as Spotify, Deezer, 7Digital and iTunes. They are engaging directly with artists on social networks such as Facebook and Twitter, discovering and sharing music on social networks like SoundCloud, Last.fm and YouTube and via blogs. They are also sharing non-licensed content files on the BitTorrent network, in vast amounts all over the world.

Musicmetric has carried out detailed research into these less visible online trends. As digital growth continues to demonstrate that the preference for music consumption is online or via mobile, it is pertinent for the industry to understand the way in which fans are discovering, sharing, playing and engaging with music across the web.

Musicmetric's first DMI 2011-2012 is an ambitious look at the trends year on year across social networks, and in the first half of 2012 across the BitTorrent network. Musicmetric has processed an unprecedented amount of data to surface the facts and insights into growth and change in music related social networks and trends in traffic of music files being shared using the BitTorrent protocol.

This first edition takes stock of what trends could be identified in Musicmetric data over the last year. The company will be working with partners to expand this view further in 2013 and beyond.

750,000

Artists are currently tracked
by Musicmetric

Musicmetric currently tracks 750,000 artists so its survey is able to take a far deeper slice into the real market for music than the usual top 10's and 100's. This yields important new insights into the vast scale of music consumption globally which is fragmented and localised in a much more diverse fashion than the music industry is used to reflecting. To do this Musicmetric analysts have looked at global artists in the following segments: top 10, then next 100, next 1000, next 10,000, and by genre. Where possible, these findings have been broken down into country and regional trends.

This is the first time that an analysis has been attempted across such a broad spectrum of data. There is still much further analysis to be done which will be the foundation of future DMIs.

By tracking the trends and preferences of millions of music fans across the globe and how they interact with music through the thousands of online consumption channels, the music industry can better understand their customers, resulting in increased sales, new revenue opportunities and more efficient marketing campaigns.

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The global music industry has continued to expand online and the period 2011-2012 saw healthy growth in sales of digital music. Access to legal streaming and download services grew substantially globally and Musicmetric recorded clear growth of activity across all music related social networks.

Musicmetric data shows that for all artists, play counts are growing at a higher rate than new fans. However, of the total number of new fans, a third were for new artists, whereas just a fifth of the total plays came from new artists in the same period.

It is evident that in a world where there are more artists than ever, getting people to actually hear the music at all is a huge factor in the growth of an artist. Social networks offer a key means to achieving that aim, frequently at lower cost than through traditional marketing.

The Musicmetric DMI identifies which artists were the best at garnering a direct impact on social networks plays and fans from an album or single release. When looking at the impact of album or single releases on social network activity, it is clear that for more popular artists a strikingly higher impact is created when releasing singles than albums. This appears to reflect the current consumer trend in popular music towards what has been described as a “singles” market.

SoundCloud is emerging strongly as a means of identifying early interest in a band. The data identifies SoundCloud as a platform upon which a lot of new bands are gaining plays, well before they are picked up or gaining fans anywhere else. It is likely this is due to the ease with which SoundCloud allows content to be shared around the Web.

Musicmetric’s analysis has also revealed some interesting trends in the impact of events such as releases, gigs or TV appearances across all networks.

The kinds of artists whose album release create a massive leap in plays online and the kinds of artists whose album release create a leap in fans online are actually quite different in terms of genre and segmentation.

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The survey looked at US TV shows aired in the last year, featuring either an artist or their music to see which had the most the impact on social network activity. Heading the list is the Battlefront; the top three US shows which give artists the biggest impact in fans/plays are The Battlefront, NFL Films Presents and Grey's Anatomy.

The data gave increased evidence of SoundCloud's importance as both a powerful means to distribute music and a network where bands and fans interact. Emerging artists that had a lot of fans today across all networks were found to have had high numbers of plays on SoundCloud last year. This indicates that artists who grow their plays on SoundCloud today are more likely to grow their fans across other social networks in the future.

The DMI index for streaming networks shows where the most plays are occurring in total and by genre. While Youtube is the clear winner in most genres, Vevo generates more plays in Country, Dance, and Pop genres.

405 million music releases downloaded globally

Worldwide BitTorrent trends, reveal that in the first six months of 2012 the total number of music releases downloaded globally was 405 million, of which 43 million were in the UK. Of these downloads, approximately 78% of these were albums and 22% were singles.

An interesting indicator of the power of this network is that The Cardigan EP by Billy Van is the No 1 torrent being downloaded in 5 of the top 20 countries by downloads. This is noteworthy because "The Cardigan" has the rare distinction of being licensed for distribution via the BitTorrent network. It has become hugely popular in place of other illegal content in a quarter of the top 20 countries for downloads.

Breakdown of top 10 countries for all downloads



Musicmetric Digital Music Index

Detailed analysis on social media trends; music consumption patterns; the impact of releases, gigs and TV appearances on an artist's profile; trends on the global BitTorrent network including the effect of legal streaming services on piracy.

To get free access to the full Musicmetric DMI please contact:

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References:
IFPI Report

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